



## District Director's Corner

I visited hurricane-ravaged New Orleans in October as part of the first conference to meet in that city since the devastation that Hurricanes Katrina and Rita brought to the area. What I saw is hard to put into words, but I will try.

Sixteen parishes (counties) surrounding New Orleans were devastated by the storm. Nearly 250,000 local residents were displaced from the area to locations throughout the United States. Over 200,000 homes were totally destroyed and another 45,000 experienced severe damage and now require extensive reconstruction. Of the 190,000 small businesses in Louisiana, about 81,000 are eligible for federal assistance. Only 25 percent of New Orleans' population remains. To put it into a local perspective, imagine driving from the Gateway Arch to Wentzville, and never once seeing an inhabited neighborhood. This is comparable to what we witnessed. These hurricanes have created a declared disaster area extending 96,000 square miles, a geographic footprint the size of Great Britain.

As I traveled through New Orleans, and the surrounding areas with U.S. Small Business Administration senior management, to determine how best to help, we were all struck by the strength of character and sheer will demonstrated by these remarkable people in the face of tragedy. Their concern was that the rest of America might forget them; might get swept up in the next international incident or national news item. We must not let our southern neighbors down.

Here is how SBA has helped so far. We continue to approve recovery and rebuilding loans for residents and businesses in the Gulf Coast region at a record pace. SBA has approved more than \$3.2 billion in low-interest, taxpayer-backed disaster loans – \$1 billion approved in the first 18 days of January alone. Loan approvals for the month have averaged more than \$54.5 million per day.

*Continued on Page 2*

## New SBA Offices Open for Business

The St. Louis District SBA Office has opened full-time offices in Cape Girardeau, Columbia, and Hannibal. Brenda Klages, Jay Edwards (from our Colorado District Office) and Bob Newman will be the senior area managers for each office respectively.

Brenda Klages is at the Cape Girardeau office which is located at the Innovation Center, 920 Broadway, Room 106, Cape Girardeau, and will be responsible for the counties of: Bollinger, Butler, Cape Girardeau, Carter, Crawford, Dent, Dunklin, Iron, Madison, Mississippi, New Madrid, Oregon, Pemiscot, Perry, Reynolds, Ripley, St. Francis, Scott, Shannon, Stoddard, Washington, and Wayne. Brenda can be reached at 573-837-2313 or [brenda.klages@sba.gov](mailto:brenda.klages@sba.gov).

Jay Edwards is at the Columbia office which is located at the University of Missouri-Columbia, W1052H Thomas and Nell Lefferre Hall, Columbia, and will be responsible for the counties of: Audrian, Boone, Callaway, Cole, Gasconade, Maries, Miller, Moniteau, Montgomery, Osage, and Phelps. Jay can be reached at 573-808-1060 or [joseph.edwards@sba.gov](mailto:joseph.edwards@sba.gov).

Bob Newman is at the Hannibal office which is located at the US Courthouse and Federal Building, 801 Broadway, Room 116, Hannibal, and will be responsible for the counties of: Clark, Knox, Lewis, Macon, Marion, Monroe, Pike, Putnam, Ralls, Randolph, Schuyler, Scotland, and Shelby. Bob can still be reached at 314-539-6600, ext. 262, until further notice or [robert.newman@sba.gov](mailto:robert.newman@sba.gov).

If you are in any of these counties and need assistance, please contact the senior area manager in the appropriate area. We hope these new locations will make starting or growing a business easier!

### Inside This Issue

<b>Hannibal Finance Workshops</b>	<b>2</b>
<b>New Size Standards</b>	<b>2</b>
<b>The Truth About Grants</b>	<b>3</b>
<b>Small Business Banking Fairs</b>	<b>3</b>
<b>Community Express Loan Workshops</b>	<b>4</b>
<b>Top Lenders in Fiscal Year 2006</b>	<b>4</b>

Homeowners, renters and businesses in the declared disaster areas are eligible for SBA disaster loans. To date, almost 36,000 loans for more than \$2.4 billion have been made to homeowners. Almost \$600 million in disaster loans have been made to businesses. Louisiana has received over \$1.77 billion in disaster loans and Mississippi has received over \$1.22 billion.

Today, there are more than 4,000 SBA employees working on disaster assistance, more than four times the number before Hurricane Katrina struck. We have already processed over 173,000 applications and have inspected over 176,000 properties. Already, almost 95 percent of the economic injury disaster loans for small businesses have been processed.

Only one other disaster in the nation's history has exceeded the \$3 billion mark for SBA loans – the 1994 Northridge Earthquake, at \$4 billion in approved loans over a 12-month period. The Florida hurricanes of 2004 topped out at \$1.86 billion after more than nine months.

For more information about the SBA's Disaster Assistance loan programs, visit the SBA web site at [http://www.sba.gov/disaster\\_recov/hurricanes/](http://www.sba.gov/disaster_recov/hurricanes/).

Dennis Melton

### **Gateway e-Gazette**

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We welcome your questions or comments. Please contact any of us at the e-mail addresses listed above.

## **New Hannibal Office Offers Finance Workshop**

The Hannibal office will have a "Finance Workshop" on the second Wednesday of each month at 9:30 a.m. for approximately two hours at the US Courthouse and Federal Building, 801 Broadway, Conference Room 260. The class is free and while reservations are encouraged, they are not necessary. The class includes an overview of all SBA programs and services (including SCORE, SBDC, surety bonds, government contracting).

Contact Bob Newman at 314-539-6600, ext. 262 or e-mail him at [robert.newman@sba.gov](mailto:robert.newman@sba.gov) for reservations.

## **SBA Increases Small Business Size Standards to Account for Inflation**

SBA has increased its small business size standards to account for inflation, restoring small business eligibility to those firms that may have lost their small business status because of inflation since February 2002.

SBA has adjusted its dollar-based small business size standards, which are based on receipts, net worth and financial assets, to reflect inflation that has occurred since February 2002, when SBA last adjusted them for the same reason. Since the February 2002 inflation adjustment, prices have generally increased 8.7 percent. SBA increased the familiar "anchor" size standard from \$6.0 million to \$6.5 million. Size standards that are higher than \$6 million also reflect similar percentage increases.

SBA also changed how it determines the size of small business concerns when they apply for SBA Business Loans and for Economic Injury Disaster Loans. Instead of looking only at the loan applicant's primary industry, SBA now looks at both its primary industry and the primary industry of the applicant together with its affiliates. This will provide additional assistance to small businesses that have subsidiaries and affiliates.

SBA also changed procedures for determining size status for the purpose of EIDL applications for businesses located in disaster areas declared because of Hurricanes Katrina, Rita, and Wilma. For an EIDL loan, instead of having to show it was a small business when these hurricanes struck, the firm only has to fit the new small business size standard when SBA accepts its application for processing.

For more information about SBA's increase to its small business size standards for inflation, please see <http://www.sba.gov/size/indexwhatsnew.html#inflation>.

## The Truth about Grants

Don't spin your wheels looking for a **grant** to pay all your start-up costs. In spite of what you have seen on television or hear from friends, **there are no government agencies or private foundations handing out free money to pay for all your business start-up costs.**

Grants awarded for start-up costs are few and far between. Special incentives or small grants may be available from your local municipality or local economic development organization for projects like employee training, façade improvements or utility offsets. Most sizeable grants are awarded to non-profit organizations and a few are given to businesses for research and development. For instance, the Small Business Innovation Research (SBIR) program does make grants to high-technology companies to conduct individualized research that will benefit SBA. A grant proposal is necessary and the program is highly competitive. Only a few companies may actually qualify for this type of assistance.

Think about it, if the government provided free money to everyone who wanted to start a small business, it wouldn't last very long. And, can you imagine the outcry from taxpayers if their money was used to fund these risky ventures? Most new businesses are started with personal savings, loans from friends or relatives, or small commercial or personal loans.

One reason this 'free money' myth is so prevalent is that people are looking for an easy alternative to the work and detail required to get a conventional loan. The idea of writing a business plan and approaching a lender is intimidating. But, you are much more likely to succeed if you do your homework and have a plan.

There are many good reasons why lenders and SBA have procedures in place for small business loans. One of the most important factors in obtaining a loan for a new business is your personal credit history. Lenders are uninterested in gender, race, national origin or age; their real bottom line is: Can you pay the money back?

*Continued on Page 4*



## Small Business Banking Fairs Featuring SBA Products

Two Small Business Banking Fairs Featuring SBA Products are planned for March 15 at 8:00 a.m. and repeated at 4 p.m. at John Cook School of Business, Saint Louis University, 3674 Lindell, St. Louis, MO. The fairs are brought to you by Grace Hill Women's Business Center, US Bank, National City Bank, Southwest Bank, First Bank, Heartland Bank and Commerce Bank.

Registration will be at 8 a.m. with a general session describing SBA products and services from 8:30 to 9 a.m. There will be six breakout sessions which will feature:

- 50 Steps in 50 Days to Start Up
- What You Thought You Knew About Credit
- Launching a Technology Idea or Invention
- Technology Tools for Your Business
- How to Sell Yourself to Get Customers
- Are You Running and Your Business is Not? Are you Ready to Expand your Business?

Please check out our web site at [www.sba.gov/mo/stlouis/](http://www.sba.gov/mo/stlouis/) for further details and information on registration.

## Community Express Loan Workshops

Do you need a \$5,000 to \$50,000 loan to address financial issues in your small business? Do not miss the Community Express Loan Workshops where you can learn how to apply for a SBA guaranteed loan through a nationally approved SBA lender. This workshop is free!

The Community Express Loan Program is the fastest and simplest way for a small business to obtain working capital and the benefits include:

- Loan amounts of \$5,000 to \$50,000
- Seven year term
- No collateral required
- Easy application process
- All industries considered, and
- Fast turn-around time

Following are the workshop dates, times, and locations. All of these events will be hosted by the Small Business Development Center of Missouri.

**February 21** **6-9 p.m.**

Mineral Area College  
Tourism Building  
5270 Flat River Road  
Park Hills, MO 63601

**February 22** **6-9 p.m.**

Hannibal City Hall  
Council Chamber  
320 Broadway  
Hannibal, MO 63401

**February 23** **12-3 p.m.**

Greater Poplar Bluff Area  
Chamber of Commerce  
1111 West Pine  
Poplar Bluff, MO 63901

**February 23** **6-9 p.m.**

Southeast Innovation Center  
920 Broadway  
Cape Girardeau, MO 63701

Other Community Express Loan Workshops are tentatively scheduled during March and April in St. Louis, Columbia, and Troy, MO. Please check out our web site frequently at [www.sba.gov/mo/stlouis/](http://www.sba.gov/mo/stlouis/) for details.

## Grants

*continued from Page 3*

Finally, if you think of money as a *commodity or product* that the bank sells, it is easier to understand that you have to pay for it.

For further information on federal grants, please visit <http://www.sba.gov/expanding/grants.html>.

## Most Active Lender Rankings For Fiscal Year 2006

Multi-State	# of Loans	Amount
US Bank NA	64	5,340,100
Innovative Bank	25	230,000
Bank of America NA	19	397,300
Capital One Federal Savings	15	575,000
National City	13	668,500
Commerce Bank NA	10	2,003,200
Regions Bank	5	580,100
Wells Fargo Bank NA	5	190,000

Community Banks	# of Loans	Amount
Heartland Bank	7	997,600
Exchange Bank	5	227,800
The Bank of Missouri	5	1,442,200

Certified Development Companies	# of Loans	Amount
Economic Development Center of St. Charles County	10	4,055,000
Small Business Growth Corp.	6	4,648,000
Business Finance Corp. of St. Louis County	5	3,056,000

If you would like to subscribe to receive this quarterly e-newsletter and other periodic information, please go to <http://web.sba.gov/list/> and click on the box in front of Eastern Missouri Newsletter, submit your name and e-mail address, and click Submit.